

Amendment No. 3

To

USAID Special Objective Grant Agreement No. 278-011

BETWEEN

THE UNITED STATES OF AMERICA

AND

THE HASHEMITE KINGDOM OF JORDAN

FOR THE

CASH TRANSFER

SPECIAL OBJECTIVE

DATED: 10 AUG 2006

APPN:
BPC:
RCN:

FUNDS AVAILABLE	
DOCTYPE: CO	DIST: 278-11
EFFY: 2006	EFFY: 2007
FUND: ES	4/00-700
ACTY: 2780011.00	SOC: 4/00/00
AMT: \$117,500,000.00	DATE: 8/10/06
	DONE BY:

Certified conformed copy of agreement
signed on August 10, 2006

Tracy Thoman
Acting Director
Office of Program Management

AMENDMENT No. 3

TO

SPECIAL OBJECTIVE GRANT AGREEMENT No. 278-011

BETWEEN the Hashemite Kingdom of Jordan (Grantee or GOJ), acting through the Ministry of Planning and International Cooperation, and the United States of America, acting through the United States Agency for International Development (USAID).

WHEREAS, on March 23, 2004, the Grantee and USAID (Parties) entered into a Grant Agreement for the Cash Transfer Special Objective (Agreement) whereby USAID granted to the Grantee one hundred and thirty eight million five hundred and twenty five thousand United States ("U.S.") Dollars (\$138,525,000) to finance foreign exchange and local currency costs of achieving the Special Objective; and

WHEREAS, on June 22, 2004, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of one hundred million U.S. Dollars (U.S.\$100,000,000) to finance foreign exchange and local currency costs of achieving the Special Objective;

WHEREAS, on July 20, 2005, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of one hundred eighty eight million U.S. Dollars (U.S.\$188,000,000) to finance foreign exchange and local currency costs of achieving the Special Objective; and

WHEREAS, the Parties now wish to amend the Agreement to, among other things, provide additional USAID grant funding of one hundred seventeen million five hundred thousand U.S. Dollars (U.S.\$117,500,000) to finance foreign exchange and local currency costs of achieving the Special Objective;

NOW THEREFORE, the Parties hereby agree to further amend the Agreement as follows:

1. Every reference in the Agreement to "Special Objective" is hereby deleted and replaced with "Strategic Objective. "

2. **Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (a) The Grant**, is amended by deleting the amount of "four hundred

and twenty six million five hundred and twenty five thousand United States ("U.S.") Dollars (\$426,525,000)" and replacing it with "five hundred and forty four million twenty five thousand United States ("U.S.") Dollars (\$544,025,000)."

3. **Article 5: Conditions Precedent to Disbursement** is hereby deleted and replaced with a new Article 5 as follows:

"Article 5: Conditions Precedent to Disbursement

Section 5.2. FY 2004 Cash Transfer, General Conditions Precedent

Prior to disbursement of the cash transfer of one hundred seventeen million five hundred thousands United States Dollars envisaged under Amendment No. 3 of this Agreement (hereinafter referred to as "cash transfer"), or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

(a) Evidence that the Grantee has established the Separate Dollar Account described in Article 8 of this Agreement, together with the Grantee's certification that such bank account has been established and will be maintained as required by this Agreement and/or subsequent Implementation Letters ("ILs"); and

(b) Evidence that the Grantee has established the Local Currency Account described in Article 9 of this Agreement, together with the Grantee's certification that such account has been established and will be maintained as required by this Agreement and/or subsequent Implementation Letters.

Section 5.3. FY 2004 Cash Transfer, Policy Reform Conditions Precedent

Prior to the disbursement of the cash transfer, or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, meet the following policy reform and related Conditions Precedent and furnish to USAID, in form and substance satisfactory to USAID, evidence of the following actions:

5.3.1 The Central Bank of Jordan drafts, issues and implements new instructions on Anti-Money Laundering in accordance with international standards.

5.3.2 The Government of Jordan produces a plan for a unified intellectual property rights (IPR) policy and regulatory framework, which will meet international commitments on IPR, and project a clear statement of the importance of IPR to the national economy, while dedicating adequate financial resources to fulfill the plan.

- 5.3.3 The Government of Jordan eliminates the minimum capital requirement and the paid-in capital requirement for Limited Liability Companies (except those providing financial services).
- 5.3.4 The Government of Jordan (through JISM) sends a letter to Bureau Veritas (BV), informing BV that the government will not continue with the DAMAN program pre-shipment inspection system and will not be renewing its four-year contract with BV which ends in August 2007. The Government of Jordan approves a plan for a sustainable internal system to monitor product standards through post-market surveillance and other means that do not pose technical barriers to trade.
- 5.3.5 The Government of Jordan defines ministerial and agency roles in export controls and licensing of controlled items, establishes a formal process to resolve inter-agency differences on license requests, and establishes a centralized national control list compatible with existing international control regimes.
- 5.3.6 The Government of Jordan issues instructions to outline the implementation of Article 9a of the Temporary Agriculture Law to facilitate the importation of agricultural produce into Jordan.
- 5.3.7 The Government of Jordan effectively combines the two customs administrations in Jordan: the Jordan Customs Department and the Aqaba Special Economic Zone Customs Office.
- 5.3.8 The Jordan Customs Department launches an English version of the Customs Integrated Tariff System (CITS) on the internet.
- 5.3.9 The Government of Jordan accedes to the revised Kyoto Convention.
- 5.3.10 The Government of Jordan adopts regulations for civilian procurement that are compliant with the WTO Government Procurement Agreement (GPA).
- 5.3.11 The Government of Jordan issues instructions to all government bodies requiring a public notice and a comment period to increase consultation in the formulation of proposed legislation and draft regulations.
- 5.3.12 The Government of Jordan enables the Jordan Authority for Enterprise Development (JAED) to function as an independent agency under the Ministry of Industry and Trade, consistent with the authorities described in the current temporary JAED Law.

- 5.3.13 The Government of Jordan lifts all restrictions that prohibit academic researchers from concurrently working for publicly funded research institutions and the private sector.
- 5.3.14 The Government of Jordan increases the allocations for the Ministry of Tourism and Antiquities and the allocations for the Department of Antiquities by 10% annually. The budget increase will be allocated towards improved tourism site management and other programs.
- 5.3.15 The Jordan Institute for Standards and Meteorology (JISM) amends Jordanian Standard 1005/2003 to require purple color coding on pipe used for all reclaimed water systems.
- 5.3.16 The Minister of Water and Irrigation improves monitoring and enforcement of the Groundwater Control Bylaw through the issuance of instructions to the Water Authority of Jordan (WAJ) for application and full implementation of the Bylaw.
- 5.3.17 The Minister of Water and Irrigation instructs each regional Groundwater Basin Office to prepare annual reports on the impact of implementing the Groundwater Bylaw on groundwater withdrawals.
- 5.3.18 The Government of Jordan issues amended standards for biosolids reused in irrigated agriculture or disposed in a landfill.
- 5.3.19 The Government of Jordan grants approval for the Water Authority of Jordan to hire five full-time Information Technology personnel and two senior financial professionals in order to bring online the financial accounting system.
- 5.3.20 The Government of Jordan adopts two revised policies relating to irrigation efficiency: 1- "Irrigation Water Efficiency/ Crop Water Requirements". 2- "Irrigation Water Efficiency/ Irrigation Equipment Standards and System Design Code".
- 5.3.21 The Government of Jordan, through the Ministry of Water and Irrigation (MWI), directs the Water Authority of Jordan (WAJ) to purchase 710 new water meters, over a three year period, to be installed on private non-WAJ wells.
- 5.3.22 The Ministry of Justice designs, approves and implements a new mechanism for the identification and appointment of judges based upon publicly defined acceptance criteria and selection protocols.
- 5.3.23 The Ministry of Justice allocates adequate resources for the construction of a new Judicial Institute building.

Section 5.4. Notification

USAID will promptly notify the Grantee when USAID has determined that all conditions precedent have been met.

Section 5.5. Terminal Date for Conditions Precedent

If all the conditions specified in Sections 5.2 and 5.3 of this Agreement have not been met within ninety days from the date of the execution of Amendment No. 3 to this Agreement, or such later date as USAID may agree to in writing, USAID, at its option, may terminate this Agreement by written notice to the Grantee."

4. **Article 8: General Terms and Conditions Relating to Use of the Cash Transfer, Section 8.1, Use of the Cash Transfer**, is hereby amended as follows:

The opening clause of paragraph (a) is hereby deleted and replaced in its entirety with the following: "The cash transfer provided under Amendment No. 3 to this Agreement shall be utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2005 or after (as the cash transfer provided under the original Agreement and Amendment No. 1 to the Agreement was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2003 or after and as the cash transfer provided under Amendment No. 2 to the Agreement was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2004 or after) in the following categories, in order of precedence:"

5. **Article 9: General Terms and Conditions Relating to the Local Currency Account associated with the Cash Transfer, Section 9.2, Deposit into the Local Currency Account** is hereby deleted and replaced with a new Section 9.2 as follows:

"For the cash transfer under Amendment No. 3, the Local Currency equivalent of the total value of the cash transfer will be deposited into the Local Currency Account in four installments as described below or as the Parties may otherwise agree in writing through an exchange of ILs. Four equal installments, each in the amount of the Jordanian Dinar equivalent of U.S. \$29,375,000, will be made within 15 working days after the beginning of following months in calendar year 2006: August 1, 2006; September 1, 2006; October 1, 2006 and, November 1, 2006, calculated at the highest legally obtainable rate of exchange as determined by the Central Bank of Jordan, which, as of the date of deposit, is not unlawful in Jordan."

6. Article 10: Trust Fund Account, shall be amended to read as follows:

Insert a new paragraph (d), Article 10 as follows:

"(d) For the FY 2006 cash transfer, the Grantee shall transfer from the Local Currency Account the equivalent of two million five hundred thousand U.S. Dollars (U.S.\$ 2,500,000) in Jordanian Dinars to the USAID Trust Fund Account established pursuant to the Commodity Import Program Agreement between the Parties dated September 23, 1993, as amended. The Jordanian Dinars shall be provided at the highest legally obtainable exchange rate as determined by the Central Bank of Jordan, as of the date of deposit, in two equal installments of the equivalent of one million two hundred fifty thousand United States Dollars each, with one installment due on May 1, 2007 and the other due on October 1, 2007. These funds will help meet a portion of USAID administrative expenses beginning October 1, 2007 through September 30, 2008."

7. Attachment No. 1 to Annex 1 to the Agreement is deleted and hereby replaced in its entirety with the revised Attachment No. 1 to Annex 1 attached hereto.

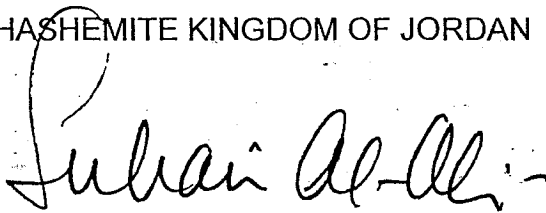
8. Except as amended herein, the Agreement, as amended, remains in full force and effect.

IN WITNESS WHEREOF, the Parties, each acting through their duly authorized representative(s), have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

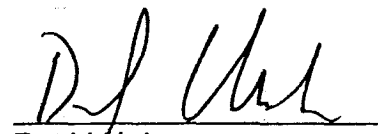
THE UNITED STATES OF AMERICA

BY:



H.E. Ms. Suhair Al-Ali
Minister of Planning and International
Cooperation

BY:



David Hale
U.S. Ambassador

BY:



Anne Aarnes
USAID/Jordan Director

ANNEX 1, ATTACHMENT 1

ILLUSTRATIVE STRATEGIC OBJECTIVE BUDGET
(US\$)

SO: Strategic Objective – Cash Transfer

INTERMEDIATE RESULT	PROGRAM FUNDING			
	PREVIOUS OBLIGATIONS	THIS AMENDMENT	TOTAL	LIFE OF SO TOTAL
1. Improved Environment for Sustained Policy Reform	425,500,000	116,500,000	542,500,000	663,975,000
2. Increased Technical Capacity to Implement Policy Reform	1,025,000	1,000,000	2,025,000	2,025,000
TOTAL	426,525,000	117,500,000	544,025,000	666,000,000